

EXHIBIT X

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Hedge Funds Sue Porsche for Billion Lost on VW

By **Zachery Kouwe** January 25, 2010 2:17 pm

A group of hedge funds filed a lawsuit on Monday against **Porsche SE** and two former executives, accusing the German sports car company of lying and illegally manipulating shares of **Volkswagen A.G.**, thus costing the funds more than \$1 billion in trading losses.

The funds — **Elliott Management**, **Glenview Capital Management**, **Glenhill Capital Management** and **Perry Partners** — say Porsche schemed to secretly corner the market in VW's stock beginning in early 2008 as part of calculated attempt to eventually take over the company.

Also named as defendants in the lawsuit, which was filed in Federal District Court in Manhattan, are **Wendelin Wiedeking**, Porsche's former chief executive, and **Holger Haerter**, the automaker's former chief financial officer.

The funds contend that Porsche acquired huge amounts of options contracts on VW's stock as a way to subvert German disclosure rules. Believing Volkswagen shares were overvalued at the time, the four hedge funds began making big bets against the stock by borrowing VW shares and immediately selling them short.

A Porsche spokesman, Frank Gaube, said the company acted in accordance with German capital markets laws.

By October 2008, Porsche had acquired nearly 75 percent of the outstanding shares of Volkswagen when it disclosed its position to the market. The disclosure caught the hedge funds off guard and set off an explosive round of buying by the funds, who raced to cover their short positions.

VW stock briefly topped 1,000 euros during the frenzied trading day following the disclosure, making the company for a brief period the largest company in Germany by stock market value. The lawsuit contends that the short squeeze allowed Porsche to make outrageous profits at the expense of the hedge funds.

“Porsche SE should be held accountable in a court of law,” said Phil Beck, a lawyer for the law firm **Bartlit Beck Herman Palenchar & Scott**, which represents the funds. “We will do whatever it takes to make sure the rule of law is upheld.”

As the hedge funds scrambled to weather the short squeeze in November 2008, a Porsche representative mocked them publicly, saying: “A couple of gamblers on the market got their odds wrong,” according to the complaint. “And now they are pointing the finger at us.”

But Porsche “stacked the deck and loaded the dice,” lawyers for the funds said in the complaint. “No plaintiff would have sold VW shares short had it known that defendants intended to take over VW and that Porsche already had amassed a huge position in options, options that Porsche considered equivalent to shares it owned outright.”

Last year, prosecutors in Frankfurt began an investigation of Porsche’s behavior in the VW takeover and asked BaFin, the country’s financial regulator, to help them in the case.

“We are looking into responsible people at Porsche on suspicions they may have manipulated the markets and violated disclosure rules,” Thomas Bechtel, a spokesman for the German prosecutors office told Bloomberg News last September.

— *Zachery Kouwe*

Hedge Fund Complaint Against Porsche

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